



Legacy Matters

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Trending

Nonprofit Sustainability: A Collaborative Effort



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One of the advantages of working in philanthropy is having a bird's-eye view of the nonprofit landscape. This perspective allows funders to recognize the significant challenges grantees face while standing alongside them to help pave the way towards sustainability. This article will explore efforts funders may consider employing to promote sustainability among their nonprofit partners.

Expansive Funding

Too often, grant opportunities are one-time or project-specific, forcing nonprofits into a cycle of year-to-year funding uncertainty. It can be difficult for grantees to focus on long-term impact when they are constantly chasing the next round of funding. Funders may consider prioritizing multi-year, flexible, or unrestricted funding. This approach not only enables organizations to plan for the future, but also gives them the agility to respond to new challenges as they arise.

A Full-Cost Mindset

By communicating a willingness to fund both direct and indirect costs, funders can empower grantees to think holistically about their financial health and communicate their full funding needs without hesitation. To borrow a concept from the for-profit sector: A grant should be viewed as an investment rather than a simple donation. Just as a successful business delivers strong returns, a well-supported nonprofit achieves deep and lasting charitable impact. Strong organizations require strong infrastructure. That means investing in core operations, leadership development, and essential resources, such as technology, staff training, and operational capacity. Funders that prioritize supporting the organizational strength of nonprofits will ultimately see a greater return on their investment.

Prioritizing Diversity, Equity, and Inclusion Efforts

Diversity, equity, and inclusion efforts foster a more cohesive company culture and allow organizations to better serve their communities. A workplace that values diverse perspectives leads to more innovative problem-solving and longer-term resilience. Prioritizing inclusion also helps improve staff retention and ensures that organizations are equipped to address both current and future challenges.

Succession Planning

Leadership transitions—whether at the staff or board level—can disrupt a nonprofit's momentum in the absence of a comprehensive succession plan. Funders may encourage nonprofit partners to develop strategic plans that identify organizational strengths, weaknesses, opportunities, and threats. A well-prepared organization can navigate leadership changes with stability, ensuring that its mission and impact continue uninterrupted. Grantmakers can do their part by funding strategic planning, board recruitment efforts, and internal evaluation that can support nonprofits that engage in succession planning.

These are just a few examples of the types of efforts that can help funders move beyond transactional philanthropy and toward true partnership that acknowledges the shared responsibility of ensuring nonprofit sustainability.

Tax Tune-Up: 2025 Tax Outlook



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There will be a lot to discuss on the tax front in 2025. Many tax provisions from the 2017 Tax Cuts and Jobs Act (TCJA) are set to expire at the end of 2025. The Trump Administration has signaled, however, that it plans to extend these changes. A comprehensive list of the changes made in 2017 and the provisions that are expiring in 2025 can be found at: <https://www.congress.gov/crs-product/R47846>. Many of the provisions affect individuals and many affect businesses. The Trump Administration also has signaled that we should expect tax law changes to be proposed in addition to the provisions of the TCJA. With proposed tax legislation yet to be released by either Congress or the Trump Administration, the only concrete changes that we can comfortably discuss at this time are the TCJA provisions.

These changes involve both incomes taxes and estate taxes. In the charitable income tax deduction category, for example, the Tax Cuts and Jobs Act increases the deductibility limit of cash gifts to charity from 50 percent of Adjusted Gross Income to 60 percent of Adjusted Gross Income. Income tax rates also were decreased and will increase again if legislation is not passed to extend these cuts. The percentage increase in the limit on cash gifts helps to encourage charitable giving. And, while a reduction in tax rates can result in lower



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taxes overall, it decreases the benefit of charitable giving. For example, the value (i.e., the amount of tax saved) of a charitable gift is greater when the income tax rate is 39.7 percent than when the income tax rate is 37 percent. We will be watching to see where things land with both income tax rates and charitable giving deduction limits.

On the estate, gift and generation-skipping tax front, if nothing happens to extend or modify the current 2025 amounts, the federal law will revert to what was in place in 2017. Generally speaking, if no legislation is passed, the current \$13.99 million exemption amount for all of these taxes would roughly be cut in half. Reducing the exemption amount has the effect of increasing the number of estates that will be subject to the federal estate tax, as well as increasing the tax owed. And for taxpayers who made large gifts in 2018 through 2025 relying on the TCJA's exemption amounts, there are anti-clawback rules that are believed to protect those taxpayers.

We continue to watch developments in Washington. Stay tuned for future issues, where we will analyze the expected proposals, with a particular focus on how it will affect your legacy planning.

Nutter Nonprofit Series Event State of the Sector: Leading in Uncertain Times

Join Nutter's Nonprofit and Social Impact Practice on April 3 for an engaging discussion on how nonprofit organizations and their supporters can respond to challenges presented by recent developments impacting the sector. This gathering is designed to foster new and stronger connections within our community and to share strategies for leading our organizations and teams through a shifting landscape.

We will begin and end our evening with networking, cocktails, and hors d'oeuvres. We hope to see you there!

Client Corner



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A family foundation in Texas needed assistance with review and revision of their bylaws and governing policies. They had been operating for a little over 20 years and had gone through numerous changes over the years. The founding donor had passed away, and the remaining board members included her heirs and her trusted colleagues who were not part of the family, but whose guidance and wisdom were greatly appreciated by the founder.

Attorney [Christina Dawson](#) met with the board president and executive director to review the foundation's history and to better understand what they hoped to achieve with this overhaul of their governing documents. She gained clarity on what issues had confronted the board in the past that had not been adequately addressed in their governing documents and developed a set of revised bylaws to address those issues. There was some anxiety on the part of the board members about making changes to the structure that they had developed with the founder, but Christina explained the merits of the proposed revisions and how these revised bylaws would provide the solid foundation they needed as they began the process of expanding membership on their board.

The foundation board members have focused all their time and energy on their grantmaking, striving to ensure that the decisions they make now faithfully reflect the priorities and values of the founder. They are relieved to have the underpinnings of the foundation solidified and to be prepared for the next generation of board members to join them in providing grant support to organizations serving the most needy in society, honoring and extending the impact of the founder's values and wishes.



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